

Form **1065**  
Department of the Treasury  
Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2006, or tax year beginning \_\_\_\_\_, 2006, ending \_\_\_\_\_, 20 \_\_\_\_\_.  
▶ See separate instructions.

OMB No. 1545-0099

**2006**

<b>A</b> Principal business activity <b>CHAIRS MFG</b>	<b>Use the IRS label. Otherwise, print or type.</b>	Name of partnership <b>PONIES AND PETUNIAS PARTNERSHIP</b>	<b>D</b> Employer identification number <b>40-4240010</b>
<b>B</b> Principal product or service <b>CHAIRS</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>145 WEST PLAZA SQUARE SUITE 14</b>	<b>E</b> Date business started <b>07-01-1999</b>
<b>C</b> Business code number <b>337000</b>		City or town, state, and ZIP code <b>INDIANAPOLIS, IN 46206</b>	<b>F</b> Total assets (see the instructions) \$ <b>767,987</b>

**G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return  
**H** Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶ \_\_\_\_\_  
**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **2**  
**J** Check if Schedule M-3 required (attach Schedule M-3) . . . . . ☐

**Caution:** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>I</b> <b>n</b> <b>c</b> <b>o</b> <b>m</b> <b>e</b>	<b>1 a</b> Gross receipts or sales . . . . .	<b>1a</b>	<b>1,011,314</b>		
	<b>b</b> Less returns and allowances . . . . .	<b>1b</b>	<b>10,000</b>	<b>1c</b>	<b>1,001,314</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8) . . . . .	<b>2</b>	<b>452,000</b>		
	<b>3</b> Gross profit. Subtract line 2 from line 1c . . . . .	<b>3</b>	<b>549,314</b>		
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) . . . . .	<b>4</b>			
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040)) . . . . .	<b>5</b>			
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .	<b>6</b>	<b>19,036</b>		
	<b>7</b> Other income (loss) (attach statement) . . . . .	<b>7</b>			
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7 . . . . .	<b>8</b>	<b>568,350</b>			
<b>D</b> <b>e</b> <b>d</b> <b>u</b> <b>c</b> <b>t</b> <b>i</b> <b>o</b> <b>n</b> <b>s</b>  (see the instructions for limitations)	<b>9</b> Salaries and wages (other than to partners) (less employment credits) . . . . .	<b>9</b>	<b>75,000</b>		
	<b>10</b> Guaranteed payments to partners . . . . .	<b>10</b>	<b>26,000</b>		
	<b>11</b> Repairs and maintenance . . . . .	<b>11</b>	<b>10,000</b>		
	<b>12</b> Bad debts . . . . .	<b>12</b>			
	<b>13</b> Rent . . . . .	<b>13</b>	<b>12,000</b>		
	<b>14</b> Taxes and licenses . . . . .	<b>14</b>	<b>15,000</b>		
	<b>15</b> Interest . . . . .	<b>15</b>			
	<b>16 a</b> Depreciation (if required, attach Form 4562) . . . . .	<b>16a</b>	<b>108,969</b>		
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return . . . . .	<b>16b</b>		<b>16c</b>	<b>108,969</b>
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> ) . . . . .	<b>17</b>			
	<b>18</b> Retirement plans, etc. . . . .	<b>18</b>			
	<b>19</b> Employee benefit programs . . . . .	<b>19</b>	<b>45,000</b>		
<b>20</b> Other deductions (attach statement) . . . . .	<b>20</b>				
<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20 . . . . .	<b>21</b>	<b>291,969</b>			
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8 . . . . .	<b>22</b>	<b>276,381</b>			
<b>23</b> Credit for federal telephone excise tax paid (attach Form 8913) . . . . .	<b>23</b>				

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.	
	Signature of general partner or limited liability company member manager	Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN <b>123-45-6789</b>
	Firm's name (or yours if self-employed), address, and ZIP code <b>DRAKE INCOME TAX</b> <b>235 PALMER STREET</b> <b>FRANKLIN NC 28734-1234</b>		EIN ▶ <b>56-1494243</b>	
			Phone no. <b>(828) 888-8888</b>	

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2006)

**Schedule A Cost of Goods Sold** (see the instructions)

1	Inventory at beginning of year . . . . .	1	55,000
2	Purchases less cost of items withdrawn for personal use . . . . .	2	400,000
3	Cost of labor . . . . .	3	37,000
4	Additional section 263A costs (attach statement) . . . . .	4	
5	Other costs (attach statement) . . . . .	5	
6	<b>Total.</b> Add lines 1 through 5 . . . . .	6	492,000
7	Inventory at end of year . . . . .	7	40,000
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 . . . . .	8	452,000

9 a Check all methods used for valuing closing inventory:

(i) ☒ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . . . ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . . . ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . . . . ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? . . . . . ☐ Yes ☒ No

If "Yes," attach explanation.

**Schedule B Other Information**

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ▶		
2 Are any partners in this partnership also partnerships? . . . . .		<input checked="" type="checkbox"/>
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment . . . . .		<input checked="" type="checkbox"/>
4 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details . . . . .		
5 Does this partnership meet all three of the following requirements?		
a The partnership's total receipts for the tax year were less than \$250,000;		
b The partnership's total assets at the end of the tax year were less than \$600,000; and		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1 . . . . .		<input checked="" type="checkbox"/>
6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions . . . . .		<input checked="" type="checkbox"/>
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		<input checked="" type="checkbox"/>
8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? . . . . .		<input checked="" type="checkbox"/>
9 At any time during calendar year 2006, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions . . . . .		<input checked="" type="checkbox"/>
11 Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions . . . . .		
12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return . . . . .		0

**Designation of Tax Matters Partner** (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	PARTNER ONE	Identifying number of TMP ▶	123-45-6789
Address of designated TMP ▶	85 CHESAPEAKE DRIVE INDIANAPOLIS IN 46206		

## PONIES AND PETUNIAS PARTNERSHIP

40-4240010

Form 1065 (2006)

Page 3

Schedule K		Partners' Distributive Share Items		Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)		1	276,381
	2	Net rental real estate income (loss) (attach Form 8825)		2	9,000
	3 a	Other gross rental income (loss)	3a 1,500		
	b	Expenses from other rental activities (attach statement) STATEMENT # 1	3b 203		
	c	Other net rental income (loss). Subtract line 3b from line 3a		3c	1,297
	4	Guaranteed payments		4	26,000
	5	Interest Income		5	3,325
	6	Dividends: a Ordinary dividends		6a	1,111
	b	Qualified dividends	6b 667		
	7	Royalties		7	412
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))		8	(2,400)
Income (Loss)	9 a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))		9a	5,000
	b	Collectibles (28%) gain (loss)	9b 8,000		
	c	Unrecaptured section 1250 gain (attach statement) STATEMENT # 2	9c 854		
	10	Net section 1231 gain (loss) (attach Form 4797)		10	(5,411)
	11	Other income (loss) (see instructions) Type STATEMENT # 3		11	4,000
Deductions	12	Section 179 deduction (attach Form 4562)		12	55,000
	13 a	Contributions		13a	
	b	Investment interest expense		13b	
	c	Section 59(e)(2) expenditures: (1) Type 114 (2) Amount		13c(2)	
Self-Employment	d	Other deductions (see instructions) Type STATEMENT # 4		13d	1,002
	14 a	Net earnings (loss) from self-employment		14a	2,761
	b	Gross farming or fishing income		14b	293,642
	c	Gross nonfarm income		14c	550,814
Credits & Credit Recapture	15 a	Low-income housing credit (section 42(j)(5))		15a	
	b	Low-income housing credit (other)		15b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)		15c	
	d	Other rental real estate credits (see instructions) Type		15d	
	e	Other rental credits (see instructions) Type		15e	
	f	Other credits (see instructions) Type		15f	
Foreign Transactions	16 a	Name of country or U.S. possession			
	b	Gross income from all sources		16b	
	c	Gross income sourced at partner level		16c	
		Foreign gross income sourced at partnership level			
	d	Passive e Listed categories (attach statement) f General limitation		16f	
		Deductions allocated and apportioned at partner level			
	g	Interest expense h Other		16h	
		Deductions allocated and apportioned at partnership level to foreign source income			
	i	Passive j Listed categories (attach statement) k General limitation		16k	
	l	Total foreign taxes (check one): Paid Accrued		16l	
Alternative Minimum Tax (AMT) Items	m	Reduction in taxes available for credit (attach statement)		16m	
	n	Other foreign tax information (attach statement)			
	17 a	Post-1986 depreciation adjustment		17a	8,634
	b	Adjusted gain or loss		17b	
	c	Depletion (other than oil and gas)		17c	1,234
	d	Oil, gas, and geothermal properties-gross income		17d	9,999
Other Information	e	Oil, gas, and geothermal properties-deductions		17e	2,222
	f	Other AMT items (attach statement)		17f	
	18 a	Tax-exempt interest income		18a	
	b	Other tax-exempt income		18b	
	c	Nondeductible expenses		18c	
	19 a	Distributions of cash and marketable securities		19a	310,596
	b	Distributions of other property		19b	
Other Information	20 a	Investment income		20a	10,048
	b	Investment expenses		20b	102
	c	Other items and amounts (attach statement) STATEMENT # 5			

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	262,713
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		203,535					
b Limited partners		59,177					

**Note:** Schedules L, M-1, and M-2 are not required if Question 5 of Schedule B is answered "Yes."

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		56,000		74,000
2 a	Trade notes and accounts receivable	75,000		22,000	
b	Less allowance for bad debts	2,500	72,500		22,000
3	Inventories		55,000		40,000
4	U.S. government obligations		10,000		10,000
5	Tax-exempt securities				
6	Other current assets (attach statement)		1,500		1,500
7	Mortgage and real estate loans				
8	Other investments (attach statement)		47,000		
9 a	Buildings and other depreciable assets	585,000		797,000	
b	Less accumulated depreciation	67,544	517,456	231,513	565,487
10 a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		55,000		55,000
12 a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		814,456		767,987
<b>Liabilities and Capital</b>					
15	Accounts payable		52,000		67,000
16	Mortgages, notes, bonds payable in less than 1 year		37,000		45,000
17	Other current liabilities (attach statement)				20,788
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more		297,456		285,112
20	Other liabilities (attach statement)				
21	Partners' capital accounts		428,000		350,087
22	Total liabilities and capital		814,456		767,987

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

1 Net income (loss) per books	236,713	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)	26,000	7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	262,713
5 Add lines 1 through 4	262,713		

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	428,000	6 Distributions:	
2 Capital contributed:		a Cash	310,596
a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	236,713	STATEMENT # 7	
4 Other increases (itemize):			4,411
STATEMENT # 6	381	8 Add lines 6 and 7	315,007
5 Add lines 1 through 4	665,094	9 Balance at end of year. Subtract line 8 from line 5	350,087

**Rental Real Estate Income and Expenses of a  
Partnership or an S Corporation**  
▶ See instructions.

OMB No. 1545-1186

**2006**

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name **PONIES AND PETUNIAS PARTNERSHIP** Employer identification number **40-4240010**

**1** Show the kind and location of each property. See page 2 to list additional properties.

**A** APT BUILDING  
145 COMMUNITY ZONE DRIVE

**B** \_\_\_\_\_

**C** \_\_\_\_\_

**D** \_\_\_\_\_

		Properties			
		A	B	C	D
<b>2</b>	Gross rents . . . . .	<b>2</b> 9,000			
<b>Rental Real Estate Expenses</b>					
<b>3</b>	Advertising . . . . .	<b>3</b>			
<b>4</b>	Auto and travel . . . . .	<b>4</b>			
<b>5</b>	Cleaning and maintenance . . . . .	<b>5</b>			
<b>6</b>	Commissions . . . . .	<b>6</b>			
<b>7</b>	Insurance . . . . .	<b>7</b>			
<b>8</b>	Legal and other professional fees . . . . .	<b>8</b>			
<b>9</b>	Interest . . . . .	<b>9</b>			
<b>10</b>	Repairs . . . . .	<b>10</b>			
<b>11</b>	Taxes . . . . .	<b>11</b>			
<b>12</b>	Utilities . . . . .	<b>12</b>			
<b>13</b>	Wages and salaries . . . . .	<b>13</b>			
<b>14</b>	Depreciation (see instructions) . . . . .	<b>14</b>			
<b>15</b>	Other (list) ▶ _____ _____ _____	<b>15</b>			
<b>16</b>	Total expenses for each property. Add lines 3 through 15 . . . . .	<b>16</b>			

**17** Total gross rents. Add gross rents from line 2, columns A through H . . . . . **17** 9,000

**18** Total expenses. Add total expenses from line 16, columns A through H . . . . . **18** ( )

**19** Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities . . . . . **19**

**20a** Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) . . . . . **20a**

**b** Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:

(1) Name	(2) Employer identification number
_____	_____
_____	_____
_____	_____

**21** Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: **21** 9,000

- Form 1065 or 1120S: Schedule K, line 2, or
- Form 1065-B: Part I, line 4

**SCHEDULE D  
(Form 1065)**

Department of the Treasury  
Internal Revenue Service

Name of partnership

**Capital Gains and Losses**

► Attach to Form 1065.

D1 6/16/06

OMB No. 1545-0099

**2006**

Employer identification number

**PONIES AND PETUNIAS PARTNERSHIP**

**40-4240010**

**Part I Short-Term Capital Gains and Losses - Assets Held 1 Year or Less**

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (year, month, day)	(c) Date sold (year, month, day)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
<b>1</b> <b>SHORT TERM STOCK</b>	<b>20060630</b>	<b>20061031</b>	<b>6,000</b>	<b>3,000</b>	<b>3,000</b>
<b>SHORT TERM LOSS</b>	<b>20060118</b>	<b>20060815</b>	<b>1,000</b>	<b>6,400</b>	<b>(5,400)</b>

<b>2</b> Short-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .	<b>2</b>	
<b>3</b> Short-term capital gain (loss) from like-kind exchanges from Form 8824 . . . . .	<b>3</b>	
<b>4</b> Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts . . . . .	<b>4</b>	
<b>5 Net short-term capital gain or (loss).</b> Combine lines 1 through 4 in column (f). Enter here and on Form 1065, Schedule K, line 8 or 11 . . . . .	<b>5</b>	<b>(2,400)</b>

**Part II Long-Term Capital Gains and Losses - Assets Held More Than 1 Year**

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (year, month, day)	(c) Date sold (year, month, day)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
<b>6</b> <b>LONG TERM STOCK</b>	<b>19990101</b>	<b>20060630</b>	<b>10,000</b>	<b>6,000</b>	<b>4,000</b>
<b>28% CAP GAIN</b>	<b>19950815</b>	<b>20060918</b>	<b>1,800</b>	<b>800</b>	<b>1,000</b>
<b>LONG TERM GAIN</b>	<b>20000815</b>	<b>20060415</b>	<b>8,000</b>		<b>8,000</b>
<b>LONG TERM LOSS</b>	<b>20000815</b>	<b>20060415</b>		<b>8,000</b>	<b>(8,000)</b>

<b>7</b> Long-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .	<b>7</b>	
<b>8</b> Long-term capital gain (loss) from like-kind exchanges from Form 8824 . . . . .	<b>8</b>	
<b>9</b> Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts . . . . .	<b>9</b>	
<b>10</b> Capital gain distributions . . . . .	<b>10</b>	
<b>11 Net long-term capital gain or (loss).</b> Combine lines 6 through 10 in column (f). Enter here and on Form 1065, Schedule K, line 9a or 11 . . . . .	<b>11</b>	<b>5,000</b>

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 1065.

EEA

Schedule D (Form 1065) 2006

**Schedule K-1  
(Form 1065)****2006**Department of the Treasury  
Internal Revenue Service

For calendar year 2006, or tax

year beginning \_\_\_\_\_, 2006

ending \_\_\_\_\_, 20 \_\_\_\_\_

**Partner's Share of Income, Deductions,  
Credits, etc.**

▶ See page 2 of form and separate instructions.

**Part I Information About the Partnership****A** Partnership's employer identification number**40-4240010****B** Partnership's name, address, city, state, and ZIP code**PONIES AND PETUNIAS PARTNERSHIP****145 WEST PLAZA SQUARE SUITE 14  
INDIANAPOLIS, IN 46206-0111****C** IRS Center where partnership filed return**D** ☐ Check if this is a publicly traded partnership (PTP)**E** ☐ Tax shelter registration number, if any \_\_\_\_\_**F** ☐ Check if Form 8271 is attached**Part II Information About the Partner****G** Partner's identifying number**123-45-6789****H** Partner's name, address, city, state, and ZIP code**PARTNER ONE****85 CHESAPEAKE DRIVE  
INDIANAPOLIS IN 46206****I** ☒ General partner or LLC  
member-manager☐ Limited partner or other LLC  
member**J** ☒ Domestic partner☐ Foreign partner**K** What type of entity is this partner? **INDIVIDUAL****L** Partner's share of profit, loss, and capital:

	Beginning		Ending	
Profit	75.000	%	75.000	%
Loss	75.000	%	75.000	%
Capital	75.000	%	75.000	%

**M** Partner's share of liabilities at year end:

Nonrecourse	• • • • • \$	
Qualified nonrecourse financing	• • • \$	
Recourse	• • • • • \$	

**N** Partner's capital account analysis:

Beginning capital account	• • • • • \$	<b>321,000</b>
Capital contributed during the year	• • \$	
Current year increase (decrease)	• • • \$	<b>177,535</b>
Withdrawals & distributions	• • • • • \$ (	<b>232,947 )</b>
Ending capital account	• • • • • \$	<b>265,588</b>

☐ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)☐ Final K-1☐ Amended K-1**Part III****Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items****1** Ordinary business income (loss)**207,286****2** Net rental real estate income (loss)**6,750****3** Other net rental income (loss)**\* 972****4** Guaranteed payments**26,000****5** Interest income**2,494****6a** Ordinary dividends**833****6b** Qualified dividends**500****7** Royalties**309****8** Net short-term capital gain (loss)**(1,800)****9a** Net long-term capital gain (loss)**3,750****9b** Collectibles (28%) gain (loss)**6,000****9c** Unrecaptured section 1250 gain**641****10** Net section 1231 gain (loss)**(4,058)****11** Other income (loss)**A 3,000****12** Section 179 deduction**41,250****13** Other deductions**J 200****K 296****L 256****14** Self-employment earnings (loss)**A 2,071****\* 633,343****15** Credits**16** Foreign transactions**17** Alternative minimum tax (AMT) items**A 6,476****C 926****\* 9,166****18** Tax-exempt income and  
nondeductible expenses**19** Distributions**A 232,947****20** Other information**A 7,536****B 77****Q 203**

\*See attached statement for additional information.

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## Schedule K-1 Supplemental Information

2006 PG01

Partner's name

PARTNER ONE

Name of Partnership

PONIES AND PETUNIAS PARTNERSHIP

Partner's ID Number

123-45-6789

Partnership EIN

40-4240010Line 3 - Other Net Rental Income/Loss

STM099

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Other gross rental income(loss)	<u>1,125</u>
	Advertising	(76)
	Auto and travel	(77)
	Total:	<u>972</u>

Line 14 - Self-employment earnings(loss)

<u>Code</u>	<u>Description</u>	<u>Amount</u>
B	Gross farming or fishing income	<u>220,232</u>
C	Gross non-farm income	<u>413,111</u>
	Total:	<u>633,343</u>

Line 17 - Other AMT items

<u>Code</u>	<u>Description</u>	<u>Amount</u>
D	Oil, gas, & geothermal-gross income	<u>7,499</u>
E	Oil, gas, & geothermal-deductions	<u>1,667</u>
	Total:	<u>9,166</u>

Line 20 - Other Information Items

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Total	



**Schedule K-1  
(Form 1065)****2006**Department of the Treasury  
Internal Revenue ServiceFor calendar year 2006, or tax  
year beginning \_\_\_\_\_, 2006  
ending \_\_\_\_\_, 20 \_\_\_\_\_**Partner's Share of Income, Deductions,  
Credits, etc.**

▶ See page 2 of form and separate instructions.

**Part I Information About the Partnership****A** Partnership's employer identification number**40-4240010****B** Partnership's name, address, city, state, and ZIP code**PONIES AND PETUNIAS PARTNERSHIP****145 WEST PLAZA SQUARE SUITE 14  
INDIANAPOLIS, IN 46206-0111****C** IRS Center where partnership filed return**D** ☐ Check if this is a publicly traded partnership (PTP)**E** ☐ Tax shelter registration number, if any \_\_\_\_\_**F** ☐ Check if Form 8271 is attached**Part II Information About the Partner****G** Partner's identifying number**234-56-7890****H** Partner's name, address, city, state, and ZIP code**PARTNER TWO****110 MONARCH DR  
INDIANAPOLIS IN 46206****I** ☐ General partner or LLC  
member-manager☒ Limited partner or other LLC  
member**J** ☒ Domestic partner☐ Foreign partner**K** What type of entity is this partner? **INDIVIDUAL****L** Partner's share of profit, loss, and capital:

	Beginning		Ending	
Profit	25.000	%	25.000	%
Loss	25.000	%	25.000	%
Capital	25.000	%	25.000	%

**M** Partner's share of liabilities at year end:

Nonrecourse	• • • • • \$	
Qualified nonrecourse financing	• • • \$	
Recourse	• • • • • \$	

**N** Partner's capital account analysis:

Beginning capital account	• • • • • \$	107,000
Capital contributed during the year	• • \$	
Current year increase (decrease)	• • • \$	59,177
Withdrawals & distributions	• • • • • \$ (	77,649 )
Ending capital account	• • • • • \$	88,528

☐ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)☐ Final K-1☐ Amended K-1**Part III****Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items****1** Ordinary business income (loss)**69,095****2** Net rental real estate income (loss)**2,250****3** Other net rental income (loss)**\*****324****4** Guaranteed payments**0****5** Interest income**831****6a** Ordinary dividends**278****6b** Qualified dividends**167****7** Royalties**103****8** Net short-term capital gain (loss)**(600)****9a** Net long-term capital gain (loss)**1,250****9b** Collectibles (28%) gain (loss)**2,000****9c** Unrecaptured section 1250 gain**213****10** Net section 1231 gain (loss)**(1,353)****11** Other income (loss)**A****1,000****12** Section 179 deduction**13,750****13** Other deductions**J****67****K****99****L****85****14** Self-employment earnings (loss)**A****690****15** Credits**16** Foreign transactions**17** Alternative minimum tax (AMT) items**A****2,158****C****308****\*****3,055****18** Tax-exempt income and  
nondeductible expenses**19** Distributions**A****77,649****20** Other information**A****2,512****B****25****Q****68**

\*See attached statement for additional information.

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**Schedule K-1 Supplemental Information****2006** PG01

Partner's name

**PARTNER TWO**

Name of Partnership

**PONIES AND PETUNIAS PARTNERSHIP**

Partner's ID Number

**234-56-7890**

Partnership EIN

**40-4240010****Line 3 - Other Net Rental Income/Loss**

STM099

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Other gross rental income(loss)	375
	Advertising	(25)
	Auto and travel	(26)
	Total:	324

**Line 17 - Other AMT items**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
D	Oil, gas, & geothermal-gross income	2,500
E	Oil, gas, & geothermal-deductions	555
	Total:	3,055

**Line 20 - Other Information Items**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Total	

# Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

2006

Attachment  
Sequence No. 27

Name(s) shown on return

Identifying number

PONIES AND PETUNIAS PARTNERSHIP

40-4240010

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . .

1

## Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (yr., mo., day)	(c) Date sold (yr., mo., day)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 BUSINESS ASSET LOSS	19971128	20061215	10,000		10,375	(375)
BUSINESS LOSS LESS T	20050317	20060927	10,000		15,036	(5,036)

- 3 Gain, if any, from Form 4684, line 42 . . . . .
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .
- 6 Gain, if any, from line 32, from other than casualty or theft . . . . .
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . .

3

4

5

6

7

(5,411)

**Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . .

8

9

## Part II Ordinary Gains and Losses (see instructions)

- 10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


- 11 Loss, if any, from line 7 . . . . .
- 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . .
- 13 Gain, if any, from line 31 . . . . .
- 14 Net gain or (loss) from Form 4684, lines 34 and 41a . . . . .
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . .
- 17 Combine lines 10 through 16 . . . . .
- 18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

11

12

13

19,036

14

15

16

17

19,036

- a If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions . . . . .

18a

- b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . .

18b

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**

(see instructions)

<b>19 (a)</b> Description of section 1245, 1250, 1252, 1254, or 1255 property:	<b>(b)</b> Date acquired (yr., mo., day)	<b>(c)</b> Date sold (yr., mo., day)
<b>A BUSINESS ASSET</b>	2000-02-23	2006-06-27
<b>B</b>		
<b>C</b>		
<b>D</b>		

  

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
<b>20</b> Gross sales price ( <b>Note:</b> See line 1 before completing.) . . . . .	<b>20</b>	19,036			
<b>21</b> Cost or other basis plus expense of sale . . . . .	<b>21</b>	25,000			
<b>22</b> Depreciation (or depletion) allowed or allowable . . . . .	<b>22</b>	25,000			
<b>23</b> Adjusted basis. Subtract line 22 from line 21 . . . . .	<b>23</b>				
<b>24</b> Total gain. Subtract line 23 from line 20 . . . . .	<b>24</b>	19,036			
<b>25 If section 1245 property:</b>					
<b>a</b> Depreciation allowed or allowable from line 22 . . . . .	<b>25a</b>	25,000			
<b>b</b> Enter the <b>smaller</b> of line 24 or 25a . . . . .	<b>25b</b>	19,036			
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter 0- on line 26g, except for a corporation subject to section 291.					
<b>a</b> Additional depreciation after 1975 (see instructions) . . . . .	<b>26a</b>				
<b>b</b> Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .	<b>26b</b>				
<b>c</b> Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	<b>26c</b>				
<b>d</b> Additional depreciation after 1969 and before 1976 . . . . .	<b>26d</b>				
<b>e</b> Enter the <b>smaller</b> of line 26c or 26d . . . . .	<b>26e</b>				
<b>f</b> Section 291 amount (corporations only) . . . . .	<b>26f</b>				
<b>g</b> Add lines 26b, 26e, and 26f . . . . .	<b>26g</b>				
<b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
<b>a</b> Soil, water, and land clearing expenses . . . . .	<b>27a</b>				
<b>b</b> Line 27a multiplied by applicable percentage (see instr.) . . . . .	<b>27b</b>				
<b>c</b> Enter the <b>smaller</b> of line 24 or 27b . . . . .	<b>27c</b>				
<b>28 If section 1254 property:</b>					
<b>a</b> Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) . . . . .	<b>28a</b>				
<b>b</b> Enter the <b>smaller</b> of line 24 or 28a . . . . .	<b>28b</b>				
<b>29 If section 1255 property:</b>					
<b>a</b> Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	<b>29a</b>				
<b>b</b> Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .	<b>29b</b>				

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

<b>30</b> Total gains for all properties. Add property columns A through D, line 24 . . . . .	<b>30</b>	19,036
<b>31</b> Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	<b>31</b>	19,036
<b>32</b> Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	<b>32</b>	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**

(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
<b>33</b> Section 179 expense deduction or depreciation allowable in prior years . . . . .	<b>33</b>	
<b>34</b> Recomputed depreciation (see instructions) . . . . .	<b>34</b>	
<b>35</b> Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	<b>35</b>	

**Schedule K, Line 3a and 3b**  
**Expenses from other Rental Activities**

Name as shown on return	EIN
<b>PONIES AND PETUNIAS PARTNERSHIP</b>	<b>40-4240010</b>

Kind **BULL DOZER**  
Address \_\_\_\_\_

Gross rents (carries to Schedule K, line 3a) . . . . .	<u>1,500</u>
Advertising . . . . .	<u>101</u>
Auto and travel . . . . .	<u>102</u>
Cleaning and maintenance . . . . .	_____
Commissions . . . . .	_____
Insurance . . . . .	_____
Legal and other professional fees . . . . .	_____
Interest . . . . .	_____
Repairs . . . . .	_____
Taxes . . . . .	_____
Utilities . . . . .	_____
Wages and salaries . . . . .	_____
Depreciation . . . . .	_____
_____ . . . . .	_____
_____ . . . . .	_____
_____ . . . . .	_____
_____ . . . . .	_____
_____ . . . . .	_____
Total expenses (carries to Schedule K, Line 3b) . . . . .	<u>203</u>
Net rental . . . . .	<u>1,297</u>

2006 Form 3 MA0600711024  
Massachusetts Partnership Return of Income

Year beginning 01012006 Ending 12312006

PONIES AND PETUNIAS PARTNERSHIP 40-4240010  
145 WEST PLAZA SQUARE SU INDIANAPOLIS  
123 POWER LANE CHATHAM

IN 46206-0111  
MA 02633

Date business started 07011999

Select applicable items: Initial return Final return Name change Address change  
Amended return Amended return due to federal change Filing Schedule TDS

Accounting method: Cash ☒ Accrual Other

1. Gross income (from worksheet in instructions).  
Note: If line 1 is \$50,000 or greater you must file this form electronically ▶ 1 1076531
2. Principal business activity **CHAIRS MFG**
3. If investing, is the partnership engaged exclusively in buying, selling, dealing in or holding securities on its own behalf and not as a broker? 3 Yes ☒ No
4. Is this partnership organized as a United State Liability Company under MGL Ch. 156 and treated as a partnership for federal income tax purposes? 4 ☒ Yes No
5. Is this partnership a publicly traded partnership as defined in IRC sec. 469(k)2? 5 Yes ☒ No
6. Has there been a sale or transfer of a partnership interest during the period reported on this tax return or a technical termination pursuant to IRC sec. 708? 6 Yes ☒ No
7. Income apportionment percentage 7 49.894500
8. Do any partners in this partnership file as part of a nonresident composite income tax return?  
If Yes, enter Federal Identification number under which the composite return is filed 8 ☒ Yes No  
Number of partners included in composite return ▶ 77-0000000
9. Number of Schedules 3K-1 enclosed ▶ 2

**SIGN HERE. Under penalties of perjury, I declare that to the best of my knowledge and belief this return and enclosures are true, correct and complete.**

Signature of appropriate officer	Date	Print paid preparer's name	Paid preparer's SSN or PTIN
		<b>ASHRAF PATEL</b>	<b>123-45-6789</b>
Title		Paid preparer's phone	Paid preparer's EIN
<b>GENERAL PARTNER</b>		<b>828-888-8888</b>	<b>56-1494243</b>
		Paid preparer's signature	Date
			Check if self-employed <input checked="" type="checkbox"/>

PRIVACY ACT NOTICE AVAILABLE UPON REQUEST

11-03-2006 12:12:31

**2006 Form 3, pg. 2****MA0600721024**

Massachusetts Partnership Return of Income

**40-4240010**

1. Ordinary income or loss from U.S. Form 1065, line 22	▶1	276381
2. Other income or loss from U.S. Form 1065, Schedule K, line 11	▶2	4000
3. State, local and foreign income and unincorporated business taxes or excises	▶3	
4. Subtotal. Add lines 1 through 3	▶4	280381
5. Section 1231 gains or losses included in line 4	▶5	
6. Subtotal	▶6	280381
7. Adjustments, if any, to line 6. Enter the line number from U.S. Form 1065 that the adjustment applies to and enter the amount.		
a. Line number <b>16</b> Amount <b>108969</b>		
b. Line number                   Amount		
c. Line number                   Amount		
	Total adjustments ▶7	108969
8. Massachusetts ordinary income or loss	▶8	389350
9. Net income or loss from rental real estate activities from U.S. Form 1065, Schedule K, line 2	▶9	9000
10. Adjustments, if any, to line 9. Enter the line number from U.S. Form 1065 that the adjustment applies to and enter the amount.		
a. Line number                   Amount		
b. Line number                   Amount		
c. Line number                   Amount		
	Total adjustments ▶10	
11. Adjusted Massachusetts net income or loss from rental real estate activities	▶11	9000
12. Net income or loss from other rental activities from U.S. Form 1065, Schedule K, line 3c	▶12	1297
13. Adjustments, if any, to line 12. Enter the line number from U.S. Form 1065 that the adjustment applies to and enter the amount.		
a. Line number                   Amount		
b. Line number                   Amount		
c. Line number                   Amount		
	Total adjustments ▶13	
14. Adjusted Massachusetts net income or loss from rental activities	▶14	1297

**2006 Form 3, pg. 3**

**MA0600731024**

Massachusetts Partnership Return of Income

**40-4240010**

<b>15.</b>	U.S. interest, dividend & royalty income, not including capital gains from U.S. Form 1065, Sch. K, lines 5, 6a & 7	▶15	<b>4848</b>
<b>16.</b>	Interest on U.S. debt obligations included in line 15	▶16	
<b>17.</b>	5.3% interest from Massachusetts banks included in line 15	▶17	
<b>18.</b>	Interest (other than Massachusetts bank interest) and dividend income included in line 15	▶18	
<b>19.</b>	Non-Massachusetts state and municipal bond interest	▶19	
<b>20.</b>	Royalty income included in line 15	▶20	<b>412</b>
<b>21.</b>	Total short-term capital gains included in U.S. Form 1065, Schedule D, line 5	▶21	
<b>22.</b>	Total short-term capital losses included in U.S. Form 1065, Schedule D, line 5	▶22	
<b>23.</b>	Gain on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less from U.S. Form 4797	▶23	<b>19036</b>
<b>24.</b>	Loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less from U.S. Form 4797	▶24	<b>-5036</b>
<b>25.</b>	Net long-term capital gain or loss from U.S. Form 1065, Schedule K, line 9a	▶25	<b>5000</b>
<b>26.</b>	Long-term section 1231 gains or losses not included in line 25	▶26	<b>-5411</b>
<b>27.</b>	Long-term gains on collectibles and pre-1996 installment sales included in line 25	▶27	<b>8000</b>
<b>28.</b>	Adjustments, if any, to lines 21 through 27, including any gain or loss from Massachusetts fiduciaries. Enter the line number from U.S. Form 1065 that the adjustment applies to and enter the amount.		
a.	Line number                      Amount		
b.	Line number                      Amount		
c.	Line number                      Amount		
	Total adjustments	▶28	



**2006 Form 3, pg. 4****MA0600741024**

Massachusetts Partnership Return of Income

**40-4240010****PONIES AND PETUNIAS PARTNERSHIP 40-4240010**

LOCATION	STATE	FACILITY TYPE	ACCEPTS ORDERS	REG. IN STATE	FILES IN STATE
CHATHAM	MA	SALES	X	X	X
ANAHEIM	CA	SALES	X	X	X
DELAWARE	OH	MANUFACTURING	X	X	X
HOLLYWOOD	FL	WAREHOUSE	X	X	X

**Apportionment Factors**

1. Tangible property				
a. Property owned	Massachusetts	425000	Worldwide	858500
b. Property rented	Massachusetts	96000	Worldwide	96000
c. Total property owned and rented	Massachusetts	521000	Worldwide	954500
d. Tangible property apportionment percentage			1d	54.583600
2. Payroll				
a. Total payroll	Massachusetts	65425	Worldwide	112000
b. Payroll apportionment percentage			2b	58.415200
3. Sales				
a. Tangible	Massachusetts	375000	Worldwide	1011314
b. Services	Massachusetts		Worldwide	
c. Rents and royalties	Massachusetts		Worldwide	10912
d. Other sales factors	Massachusetts		Worldwide	
e. Total sales factors	Massachusetts	375000	Worldwide	1022226
f. Sales apportionment percentage			3f	36.684600
4. Apportionment percentage			4	149.683400
5. Massachusetts apportionment percentage			5	49.894500

**Form M-8736**  
**Application for Extension of Time to File**  
**Fiduciary, Partnership or Corporate Trust Return**

**2006**  
**Massachusetts**  
**Department of**  
**Revenue**

For the year January 1-December 31, 2006 or other taxable year beginning **01012006** ending **12312006**

**Part 1. Application for Automatic Six-Month Extension of Time to File**

Name <b>PONIES AND PETUNIAS PARTNERSHIP</b>			Federal Identification number <b>40-4240010</b>		
Address <b>145 WEST PLAZA SQUARE SUITE 14</b>			Type of return filed (check one): <input type="checkbox"/> Form 2 <input checked="" type="checkbox"/> Form 3 <input type="checkbox"/> Form 3F <input type="checkbox"/> Other		
City/Town/Post Office <b>INDIANAPOLIS</b>	State <b>IN</b>	Zip <b>46206-0111</b>			

1 Total tax you expect to owe for 2006 (Form 2, line 40; or Form 3F, line 24. Form 3 filers, enter "0") . . . . .	<b>1</b>
2 Massachusetts income tax withheld . . . . .	<b>2</b>
3 2005 overpayment applied to your 2006 estimated tax (do not enter 2005 refund) . . . . .	<b>3</b>
4 2006 Massachusetts estimated tax payments (do not include amount in line 3) . . . . .	<b>4</b>
5 Credits (Form 2, line 49; or Form 3F, lines 25-29. Form 3 filers, enter "0") . . . . .	<b>5</b>
6 Total. Add lines 2, 3, 4 and 5 . . . . .	<b>6</b>
7 <b>Amount of tax due.</b> Subtract line 6 from line 1. Pay in full with this application . . . . . ▶	<b>7</b>

Fiduciaries should file this application by touch-tone telephone. See instructions for more information.

Confirmation number \_\_\_\_\_

**Part 2. Complete If Prepared By Someone Other than Taxpayer**

I am authorized to prepare this application and I am (select one):

- ☐ a member in good standing of the bar of the highest court of (specify jurisdiction) \_\_\_\_\_
- ☐ a certified public accountant, or public accountant, duly qualified to practice in (specify jurisdiction) \_\_\_\_\_
- ☐ a person enrolled to practice before the Internal Revenue Service \_\_\_\_\_
- ☐ a duly authorized agent holding a power of attorney with respect to filing an extension of time (the power of attorney need not be submitted unless requested) \_\_\_\_\_
- ☐ a person standing in close personal or business relationship to the taxpayer who is unable to sign this application because of illness, absence, or other good cause; my relationship to the taxpayer and the reasons why the taxpayer is unable to sign this application are \_\_\_\_\_

**Part 3. Sign Here**

Under penalties of perjury, I declare that to the best of my knowledge and belief this return and enclosures are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has knowledge.

Signature ▶	Date <b>11032006</b>	Paid preparer's signature	SSN or PTIN
Title ▶ <b>GENERAL PARTNER</b>	Employer Identification number <b>56-1494243</b>	Date	

Write your Federal Identification number on lower left corner of check. Make check payable to Commonwealth of Massachusetts and mail to: Massachusetts Department of Revenue, PO Box 7070, Boston, MA 02204.

STAPLE CHECK HERE

**2006 Schedule 3K-1****MA063K111024**

Partner's Massachusetts Information

Year beginning **01012006** Ending **12312006**

**PARTNER ONE** **123-45-6789**  
**85 CHESAPEAKE DRIVE INDIANAPOLIS IN 46206**  
**PONIES AND PETUNIAS PARTNERSHIP 40-4240010**  
**145 WEST PLAZA SQUARE SU INDIANAPOLIS IN 46206-0111**

Type of partner      Individual resident      ☒ Individual nonresident      ☒ General partner or LLC member-manager  
Limited partner or other LLC member      Domestic partner      Foreign partner  
Select one      Final      Amended 3K-1

**Partner's Distributive Share**

1. Massachusetts ordinary income or loss	1	145698
2. Guaranteed payments to partners (deductible and capitalized)	2	12973
3. Separately stated deductions	3	20581
4. Combine lines 1 through 3	4	138090
5. Credits available		
a. Taxes paid to another jurisdiction (residents only)	5a	
b. Lead Paint	5b	
c. Economic Opportunity Area	5c	
d. Full Employment	5d	
e. Brownfields. Enter certificate number	5e	
f. Low-Income Housing	5f	
g. Historic Rehabilitation	5g	
h. Home Energy Efficiency	5h	
i. Film Incentive. Enter certificate number	5i	
j. Medical Device. Enter certificate number	5j	
k. Total credits	5k	
6. Net income or loss from rental real estate activity	6	3368
7. Net income or loss from other rental activity	7	485
8. Interest from U.S. obligations	8	
9. Interest (5.3%) from Massachusetts banks	9	
10. Other interest and dividend income	10	
11. Non-Massachusetts state and municipal bond interest	11	
12. Royalty income	12	116

## 2006 Schedule 3K-1, pg. 2

MA063K121024

Partner's Massachusetts Information

123-45-6789

13. Short-term capital gains	13	
14. Short-term capital losses	14	
15. Gain on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less	15	7123
16. Loss on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less	16	-1885
17. Long-term capital gain or loss	17	-2025
18. Net gain or loss under Section 1231	18	2994
19. Long-term gains on collectibles and pre-1996 installment sales	19	2994
20. Differences and adjustments	20	

### Corporate Partner Information

21. State and municipal bond interest not included in U.S. net income	21
22. Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income	22
23. Other adjustments, if any	23

### Reconciliation of Partner's Capital Account

24. Balance at the beginning of the year	24	321000
25. Massachusetts net income for the year	25	90373
26. Entire net income for the year	26	181129
27. Capital contributions	27	
28. Withdrawals	28	232947
29. Balance at end of year	29	269182

### Partner's Share of Profit, Loss and Capital

30. Percentage of profit	Beginning 75.00000	Ending 75.00000
31. Percentage of loss	Beginning 75.00000	Ending 75.00000
32. Percentage of capital	Beginning 75.00000	Ending 75.00000

**2006 Schedule 3K-1****MA063K111024**

Partner's Massachusetts Information

Year beginning **01012006** Ending **12312006**

**PARTNER TWO** **234-56-7890**  
**110 MONARCH DR** **INDIANAPOLIS** **IN 46206**  
**PONIES AND PETUNIAS PARTNERSHIP** **40-4240010**  
**145 WEST PLAZA SQUARE SU** **INDIANAPOLIS** **IN 46206-0111**

Type of partner      Individual resident      ☒ Individual nonresident      General partner or LLC member-manager  
☒ Limited partner or other LLC member      Domestic partner      Foreign partner  
Select one      Final      Amended 3K-1

**Partner's Distributive Share**

1. Massachusetts ordinary income or loss	1	48566
2. Guaranteed payments to partners (deductible and capitalized)	2	
3. Separately stated deductions	3	6860
4. Combine lines 1 through 3	4	41706
5. Credits available		
a. Taxes paid to another jurisdiction (residents only)	5a	
b. Lead Paint	5b	
c. Economic Opportunity Area	5c	
d. Full Employment	5d	
e. Brownfields. Enter certificate number	5e	
f. Low-Income Housing	5f	
g. Historic Rehabilitation	5g	
h. Home Energy Efficiency	5h	
i. Film Incentive. Enter certificate number	5i	
j. Medical Device. Enter certificate number	5j	
k. Total credits	5k	
6. Net income or loss from rental real estate activity	6	1123
7. Net income or loss from other rental activity	7	162
8. Interest from U.S. obligations	8	
9. Interest (5.3%) from Massachusetts banks	9	
10. Other interest and dividend income	10	
11. Non-Massachusetts state and municipal bond interest	11	
12. Royalty income	12	13

## 2006 Schedule 3K-1, pg. 2

MA063K121024

Partner's Massachusetts Information

234-56-7890

13. Short-term capital gains	13	
14. Short-term capital losses	14	
15. Gain on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less	15	2374
16. Loss on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less	16	-628
17. Long-term capital gain or loss	17	-675
18. Net gain or loss under Section 1231	18	998
19. Long-term gains on collectibles and pre-1996 installment sales	19	998
20. Differences and adjustments	20	

### Corporate Partner Information

21. State and municipal bond interest not included in U.S. net income	21
22. Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income	22
23. Other adjustments, if any	23

### Reconciliation of Partner's Capital Account

24. Balance at the beginning of the year	24	107000
25. Massachusetts net income for the year	25	30124
26. Entire net income for the year	26	60376
27. Capital contributions	27	
28. Withdrawals	28	88528
29. Balance at end of year	29	78848

### Partner's Share of Profit, Loss and Capital

30. Percentage of profit	Beginning 25.00000	Ending 25.00000
31. Percentage of loss	Beginning 25.00000	Ending 25.00000
32. Percentage of capital	Beginning 25.00000	Ending 25.00000